AGN NO. [ ]

June 6, 2023

MOTION BY SUPERVISOR HOLLY J. MITCHELL

Assessing the Los Angeles County's Risk Management Apparatus and Risk Readiness

Risk management is an entity's ability to assess and predict the threats that could negatively disrupt its operations, or, in worse cases, threats that can undermine its existence. A robust risk management strategy operationally and fiscally prepares an organization for such events to help reduce the deleterious impacts on its operations or existence. The Los Angeles County (County) Board of Supervisors (Board) has made recent decisions to improve the state of our risk management practices, especially in the area of Workers' Compensation. For example, in March 2021, the Board directed the Chief Executive Officer (CEO) to report back with a rank of each County departments' risk management performance and to work with the bottom 10 percent to remedy their risk management issues. This directive has resulted in a good baseline to build from.

The Board should, appropriately, now focus on tackling specific liabilities to reduce their likelihood and associated costs. The recent risk management Annual Report from the CEO showed that the costs of our liabilities have grown by almost $90 million, to $796.2 million. That total cost represents about 2 percent of the County's operating budget. Some of these liabilities, especially the non-workers' compensation liability costs

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could be reduced. Specifically, the County reported 819 vehicular accidents that cost $26.7 million in liability payments; 10,540 claims in general liabilities, resulting in $38.5 million in liability payments; 189 employment malpractice claims with associated costs of $24.9 million in liability payments; 574 claims from law enforcement with costs of $58.1 million in liability payments; and 90 medical malpractice claims with costs of $3.5 million in liability payments. All of these claims aggregate to $151.7 million in liability payments; some of which the County could have used to support valuable programs. By tackling specific liabilities, through methods such as promoting safe driving practices, improving employee conduct and morale, providing relevant training, and increasing management support, the County could strengthen its risk resiliency.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Chief Executive Officer (CEO) to report back to the Board of Supervisors (Board) in writing within 120 days with an analysis and recommendations to enhance the County's Risk Management practices. The report should include:
   a. An evaluation of existing risk management data analysis, dashboards, scorecards, and practices along with a plan to standardize the best risk management analyses, dashboards, and practices to help inform County Department Heads' strategies to improve the liability risks of their departments;
   b. A recommendation on a standard the Board can establish for departments as a baseline ceiling (such as Fiscal Year 2021-22 numbers) for the number of liability claims and percentage of their budget for payments of vehicle liabilities, general liabilities, employment malpractice (or employment practice liabilities), law enforcement liabilities, and medical malpractice liabilities;
   c. A recommendation on the cadence the Board should use to review/reset the baseline standard as well as revisit the claims cost and payment reduction target;
   d. A recommendation of a reasonable reduction target by which all County departments must reduce their number of claims on an annual basis and

by the end of Fiscal Year 2026-27 (July 1, 2027);

e. A recommendation on the feasibility of reinvesting a portion of the savings from non-workers compensation moneys paid (savings determined by the amount the actual annual cost is below the baseline level), into an appropriate strategy to improve the County's risk resiliency. This should include a recommendation on the appropriate portion of the savings to be used and strategies that may be considered to improve the County's risk resiliency;
f. A recommendation on the timelines departments should comply with to implement non-worker's compensation liabilities corrective action plans;
g. Recommendations on a framework of accountability for Department Heads to successfully implement corrective action plans and reach reduction target levels; and
h. Recommendations to recognize and incentivize departments and Department Heads for meeting the annual liability claims reduction target.

2. Direct the CEO, in consultation with County Counsel and the Auditor-Controller, to report back to the Board in writing within 120 days with:
    a. Identification of the five most risk-vulnerable County departments using liability claims data;
    b. An analysis of the five most risk-vulnerable departments which includes:
        i. A tally of the risk management corrective action plans that were recommended to these departments over the past five years;
        ii. Identification of the corrective action plans that were and were not implemented;
        iii. Evaluation of whether implemented corrective action plans were appropriate/thorough in addressing the risk/issue; and
        iv. Details of which unimplemented corrective action plans directly or indirectly resulted in further liabilities to the County.
3. Direct the Auditor-Controller to report back to the Board in writing within 90 days with a review of the County's processes for tracking risk management

corrective action plans, monitoring and verifying implementation of the corrective action plans, reporting on the implementation status of corrective actions plans, and for linking prior corrective action plans with subsequent liability events. The report should also include any recommendations to improve these processes and related controls.

4. Direct the CEO, in collaboration with County Counsel, to review the risk management corrective action plan implementation every two years (starting in calendar year 2025) of the five most risk-vulnerable County departments. The results of the review should be included in the CEO - Risk Management Branch's Annual Report, biennially, and reflect the progress against the established baseline ceiling and reduction targets.
5. Authorize the CEO to contract with a third party, or leverage existing risk management consultant contracts, to assess the County's Risk Management as it pertains to Risk Mitigation, Liability claims and Privacy apparatus and determine strengths, deficiencies, and opportunities for improvement and report back to the Board in writing within 120 days. The analysis, funded from existing CEO resources should include assessing the risk management structure, framework, operations, and budget and the cost should not exceed $250,000. The analysis should also review existing and potential federal and state laws to determine the County's level of exposure to risks given those laws and provide corrective action plans for the County to be more risk resilient.

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